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*TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE HUMAN SERVICES COMMITTEE
MARCH 17, 2009*

I appreciate the opportunity to comment on Senate Bill 1085, An Act Concerning Homemaker and Companion Agencies and Audits for Vendor Fraud.

The proposal would establish parameters for any Department of Social Services (DSS) audit of certain human services providers. These parameters include limiting the audit to 200 claims or claims filed within the preceding two years. It also limits the ability of DSS to extrapolate findings in the absence of intent to defraud.

I am concerned that provisions in the legislation could weaken the state's ability to recover money fraudulently billed by a contractor and paid by the state.

The proposal, for example, restricts the audit to claims submitted within the previous two calendar years. While initially an audit may review the most current claims, the legislation could prevent DSS from conducting a more expansive audit, if there is some irregularity with those claims or the audit raises concerns about claims submitted more than two years prior to the audit.

The proposal also prevents DSS from extrapolating payment errors over time unless there is intent to defraud. In some cases, the contractor's failure to maintain adequate records may make such extrapolation necessary in order to ensure that all of the taxpayers' money is recovered.

DSS works with my office's whistleblower unit to uncover fraud in state contracts, in particular the billions of taxpayer dollars in human services contracts. While most of the providers are good, honest people, strict oversight is necessary to prevent contractors from wasting taxpayer's dollars or engaging in deliberate fraud.

I urge the committee to carefully consider the interest of protecting taxpayers' money in making any changes to the DSS audit process.